

Highlights

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Highlights

Revenue

Total board revenues reach all-time high

As California's economy continued its unprecedented and prolonged expansion, 1999-00 Board of Equalization revenues grew to a record \$39.46 billion. The total represented an 11.1 percent increase over the last fiscal year's total revenues of \$35.53 billion. Sales and use taxes, by far the largest component of Board revenue, totaled \$33.61 billion, an increase of \$3.61 billion, or 12 percent over 1998-99.

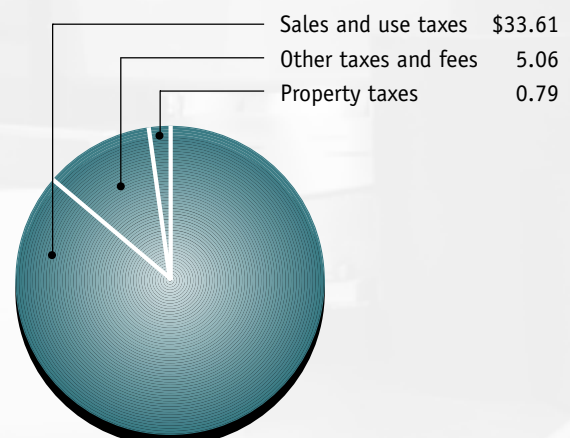
Local jurisdictions share benefits of economic expansion

In 1999-00, Board collections on behalf of cities and counties, primarily sales and use taxes, rose by 12.6 percent to total \$5.24 billion. Monies collected on behalf of special tax districts grew by 13.6 percent to reach \$2.78 billion.

Revenues from fuel, alcoholic beverage, and cigarette and tobacco product taxes increase

In 1999-00, fuel tax revenues grew 1.9 percent to total \$3.08 billion, while alcoholic beverage tax proceeds increased a moderate 3.3 percent to reach

1999-00 Board Revenues
Billions of Dollars



\$282.17 million. Including the first full year of revenue from the California Children and Families First tobacco tax, total cigarette and tobacco product tax revenue jumped 24.9 percent over 1998-99 levels to total \$1.22 billion. (For a breakdown of tobacco tax revenues, see page 66).

Tax Program, District, and Rate Changes

Legislation establishes ballast water management fee

Assembly Bill 703 (Stats. 1999, ch. 849) established, effective January 1, 2000, a ballast water management fee intended to provide funds to address the introduction and spread of non-native aquatic species in California waters. The Board is collecting the fee from owners and operators of certain oceangoing vessels.

One transactions and use tax district began collecting tax

The 0.30 percent City of Clovis Public Safety Transactions and Use Tax, applicable only in the City of Clovis, went into effect on April 1, 2000.

Significant Legislation and Regulations

For more information on 1999-00 legislation and regulations, see the program chapters of this report.

Property Taxes

Mandatory training instituted for assessment appeals board members

Senate Bill 1234 (Stats. 1999, ch. 942) mandates an introductory training course for newly appointed assessment appeals board members.

Filing period extended for business property tax statements

Assembly Bill 704 (Stats. 1999, ch. 334) establishes a uniform statewide filing deadline of May 7 for business personal property statements and a deadline of May 31 for amendments.

New construction exclusion created for mandatory underground storage tank work

Senate Bill 933 (Stats. 1999, ch. 352) establishes that improving, upgrading, or replacing an underground storage tank or reconstructing an associated structure is not considered new construction when the work on the tank is performed to comply with federal, state, or local regulations.

Sales and Use Taxes

Board-sponsored bill authorizes publishing names of top delinquent taxpayers

Assembly Bill 790 (Stats. 1999, ch. 443) authorizes the Board to make available to the public a quarterly list of the top 12 delinquent taxpayers who owe the state at least \$1 million.

Legislation expands taxpayers' rights

Assembly Bill 1638 (Stats. 1999, ch. 929) suspends the statute of limitations for filing claims for refund while a person is financially disabled by a medical or mental impairment, and requires the Board to provide annual statements to taxpayers who have installment payment agreements with the agency.

Bill authorizes electronic return filing

Senate Bill 1302 (Stats. 1999, ch. 865) allows the Board to accept electronically filed sales and use tax returns.

Regulation relieves successors of liability for penalty

Sales and Use Tax Regulation 1702, *Successor's Liability*, (Cal. Code Regs, tit. 18, sec. 1702) was

amended to relieve a business owner of liability for a penalty originally imposed on the previous owner of the business, provided no relationship exists between them.

Special Taxes

Ban on export-only cigarettes

Two urgency measures were enacted this fiscal year to address the increase in the sale of “export-only” cigarettes. SB 702 (Stats. 1999, ch. 935; eff. 10/10/99) and SB 1038 (Stats. 2000, ch. 18; eff. 05/05/00) expanded and clarified the provisions prohibiting the California distribution of cigarettes manufactured and labeled for sale outside the United States as well as those imported by certain manufacturers.

Taxpayer Services

Customer service training begins

Consistent with its strategic goal of providing high-quality customer service using well-qualified staff, in 1999-00 the agency began providing customer service training to all personnel, from clerks to executives. Board staff continue to receive many letters of thanks from taxpayers grateful for prompt and courteous service.

Board amends tax lien policy and amount

Seeking to minimize the adverse effect of liens on taxpayers, the Board amended its tax lien policy to extend the lien filing time frame from 60 days to 180 days and raised the minimum lien threshold from \$1,000 to \$2,000.

Enhancing Operations

Career agency employee James E. Speed named executive director

In March 2000, the members of the Board appointed as executive director James E. Speed,

a 28-year career agency employee and former deputy director of the Sales and Use Tax and Property Taxes departments. Speed began his career as a sales and use tax auditor and has also served as a district office administrator and director of field operations.

Members adopt agency-level performance measures

Reaching a key milestone in the agency’s 1998-2003 Strategic Plan, the Board members acted in March 2000 to adopt 17 agency-level performance measures that will be used to assess how well the organization is meeting its goals and accomplishing its mission.

Offers in compromise program established for closed accounts

In March 2000, the agency’s new, centralized Offers in Compromise Section began reviewing compromise offers from taxpayers and fee payers who cannot pay the full amounts they owe on closed-out accounts. Offers recommended for acceptance are reviewed by Board management and the Attorney General’s Office.

New investigations unit consolidates board criminal enforcement efforts

In the first quarter of 2000, the Board consolidated its various investigation units into a single Investigations Division, charged with investigating and prosecuting criminal tax evasion for all Board-administered programs.

Recruitment and retention effort benefits from staff survey

As part of its effort to remain competitive in recruiting and retaining highly qualified employees in a tight labor market, the Board conducted a confidential organizational health survey in early 2000. Nearly 99 percent of agency employees completed the survey.